

# W-03443A-08-0313



0000078952

ARIZONA CORPORATION COMMISS

ORIGINAL

UTILITY COMPLAINT FORM

Investigator: Guadalupe Ortiz

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion No. 2008 - 69512

Date: 6/24/2008

Complaint Description: 08A Rate Case Items - Opposed  
N/A Not Applicable

Complaint By: First: Karen Last: Parris

Account Name: Jerry and Karen Parris

Home: [REDACTED]

Street: [REDACTED]

Work: [REDACTED]

City: Appaloosa

CBR: [REDACTED]

State: AZ

Zip: [REDACTED]

is: [REDACTED]

Utility Company: Appaloosa Water Company

Division: Water

Contact Name: [REDACTED]

Contact Phone: [REDACTED]

**Nature of Complaint:**

RE: Docket No. W-03443A-08-0313

6/24/2008 - Opinion Received from Karen Parris:

Customer is opposed to the company's request. Customer feels that the company's equipment failure is the company's responsibility not their customer's. Customer does not understand how the company could even consider asking for a 100% increase considering the status of the economy and numerous foreclosures occurring around the valley to many individuals who are already struggling financially. Customer feels that the company's request is ridiculous.

6/24/2008 - Email Received from Jerry Parris:

-----Original Message-----

From: Karen P [mailto:[REDACTED]]

Sent: Tuesday, June 24, 2008 7:40 PM

To: Utilities Div - Mailbox

Subject: water rate hike

I Jerry Parris am against the 100% water hike. In these tough times no one can afford a rate increase like that. The well is the owners responsibility. It will become increasingly hard to sell a home in this subdivision with an increase like that. The sellers lose and the buyers lose. There will be more homes on the market at a time when it is already flooded. Jerry Parris 928 Tiffany Way Chino Valley AZ 86323

\*End of Complaint\*

**Utilities' Response:**

n/a

\*End of Response\*

Arizona Corporation Commission

DOCKETED

JUL -2 2008

DOCKETED BY

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### **Investigator's Comments and Disposition:**

Advised the customer that an opinion will be placed on file with the Docket Control Center of the Commission to be made part of the record. The Commission will take all comments and concerns into consideration prior to rendering a decision in this case.

I explained that concerns raised by customers who are affected by the company's request do assist the Commission within the investigation and review of the application. I further explained to the customer that Commission staff is very sensitive to the burden that can be placed on the consumer, and therefore does everything within its authority to protect the consumer.

CLOSED

\*End of Comments\*

**Date Completed:** 6/30/2008

**Opinion No.** 2008 - 69512

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# W-03443A-08-0313

## ARIZONA CORPORATION COMMISSION

### UTILITY COMPLAINT FORM

Investigator: Reg Lopez

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion      No. 2008 - 69750

Date: 7/1/2008

Complaint Description:      08A Rate Case Items - Opposed  
N/A Not Applicable

First:

Last:

Complaint By:      **John & Patricia**

**Nelson**

Account Name:      John & Patricia Nelson

Home: [REDACTED]

Street:      [REDACTED]

Work:

City:      Chino Valley

CBR:

State:      AZ      Zip: 8 [REDACTED]

is:

Utility Company.      **Appaloosa Water Company**

Division:      Water

Contact Name:      [REDACTED]

Contact Phone: [REDACTED]

**Nature of Complaint:**

Received the following letter dated 6-23-08 in opposition to the proposed rate increase under Docket No.W-03443A-08-0313:

June 23, 2008  
Arizona Corporation Commission  
Utilities Division  
1200 West Washington Street  
Phoenix, AZ 85007

Dear Sir:

We would like to express our concern regarding the proposal by the Appaloosa Water Company to increase our water rates by 100 percent. The residents served by the Appaloosa Water Company are well aware of the current arsenic levels, and of the proposals made to date by the owner of the water company to remedy the situation. All of the "band aid" solutions proposed by the water company have been unacceptable and most residents feel that the only viable solution to the problem is to fix it at the source - the well itself.

No one is disputing the fact that the water' company has the right to request an increase in rates to cover the costs of installing an arsenic treatment system, however, to increase their total revenue by 100 percent is outrageous. The company cites the construction of the arsenic treatment plant, the increase in postage, staff wages, and property taxes as the basis for the request. Except for the treatment plant itself, it should not be the homeowners' responsibility to pay for wages, postage, or property tax increases. Those are the costs of doing business and should be borne by the company. The water company is not alone in postage and property tax increases; all homeowners are affected as well. However, homeowners have no recourse for recouping their costs.

The owner of the water company is required to bring his well(s) into state compliance for arsenic levels, however, he is using that mandate as an excuse to increase his profit margin by requesting, that homeowners

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pay for the company's operational costs as well as the installation of the treatment plant. Most residents in the Appaloosa Water Company service area are aware of the owner's intentions to develop property he owns which is adjacent to our housing community. Again, it should not be the responsibility of the area homeowners to fund his future development endeavors.

We request that you give careful and serious consideration to the proposal made by the Appaloosa Water Company and approve a fair rate increase for the water company while limiting the impact on homeowners and/or businesses.

Sincerely

John and Patricia Nelson  
\*End of Complaint\*

### Utilities' Response:

### Investigator's Comments and Disposition:

7-1 I mailed the customer the following pre-approved by CEW template letter on ACC letterhead, in acknowledgement of his letter:

July 1, 2008

Mr. and Mrs. John W. Nelson  


Dear Mr. and Mrs. Nelson:

¶This is to acknowledge your letter regarding the Appaloosa Water Company ("Company") rate case. Your letter will be made a permanent record in the Company's rate application and will be brought to the attention of the Commissioners. Your comments will also be considered by the Commission before rendering a decision on the Company's rate case.

¶The Commission appreciates the time you have taken to express your opinion in this matter. Please contact me at the Commission's Tucson office at 1-800-535-0148, or by letter at the Tucson address noted below, if I can be of additional assistance.

¶¶¶¶Sincerely,

¶¶¶¶Reg Lopez¶  
¶¶¶¶Public Utilities Consumer Analyst I¶  
¶¶¶¶Utilities Division-Tucson Office

:rxl

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7-1 I e-mailed Lupe Ortiz to please have this OPINION filled against the Company under Docket No.W-03443A-08-0313. File closed.

\*End of Comments\*

Date Completed: 7/1/2008

Opinion No. 2008 - 69750

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V.03443A-08-0312

**ARIZONA CORPORATION COMMISSION**  
**UTILITY COMPLAINT FORM**

**Investigator:** Al Amezcua

**Phone:** [REDACTED]

**Fax:** [REDACTED]

**Priority:** Respond Within Five Days

**Opinion**      **No.** 2008 - 69755

**Date:** 7/1/2008

**Complaint Description:**      08A Rate Case Items - Opposed  
N/A Not Applicable

**First:**

**Last:**

**Complaint By:** Harvey

Jones

**Account Name:** Harvey & Kay Jones

**Home:** [REDACTED]

**Street:** [REDACTED]

**Work:** (000) 000-0000

**City:** Chino Valley

**CBR:** [REDACTED]

**State:** AZ      **Zip:** 86323

**is:** E-Mail

**Utility Company:** Appaloosa Water Company

**Division:** Water

**Contact Name:** Joe Cordovana

**Contact Phone:** [REDACTED]

**Nature of Complaint:**

7/1/08 THROUGH COMMISSIONER MAYES OFFICE.

From: Kay Meade-Jones [REDACTED]  
Sent: Monday, June 30, 2008 12:06 PM  
To: Utilities Div - Mailbox  
Cc: Mayes-WebEmail  
Subject: Appaloosa Water Rate Hike

June 29, 2008

Arizona Corporation Commission  
Utilities Division  
1200 West Washington Street  
Phoenix, AZ 85007

RE: Appaloosa Water Rate Hike

In the June 18, 2008 edition of the Chino Valley Review, we read about the owner of Appaloosa Water Company (the Applicant) submitting an application requesting a rate adjustment increase of 100 percent. This is the first that we, or any of the other homeowners, were aware of this. It stated we had 15 days to respond. The Chino Review is published once per week on Wednesday giving us a maximum of 2 publications within the 15-day time limit. It also stated the application was available for inspection online or at the Water Company. Neither was true! The application wasn't online until the following Tuesday, July 24th - leaving 8 days to read, digest and respond.

We were aware that there would be some increase in rates due to the Applicant having to install the arsenic remediation equipment; which he was aware of when he purchased the water company in 2006. We understand the water company was designed and constructed to supply water service for Appaloosa I, II, and III only, which

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encompasses approximately 340 parcels of which approximately 235 are hooked up. The Applicant states in his application that this is also to service future growth to the 160+ acres, across the road to the north, which he owns.

Without approval from ADEQ, the Applicant extended the main water line from the Appaloosa subdivisions, north, under the road to his 160+ acres where he operates a commercial nursery/farm, a large lake, and a large convention-type building with a restaurant. We understand he did not construct the extension in accordance with the Town permit. He has received a cease-and-desist order to close the valve isolating the new water extension. We understand the valve is back on in direct violation of the order. Since we don't know if all the safety rules and regulations were followed, we are concerned that more than arsenic could contaminate our drinking water

Please understand that the Applicant is a developer and his attitude is that "it's his water company and he can do however, whenever and whatever he wants with it". This may be true, however he should not expect the water users to pay the bill for the water usage on his property plus any of the future development he is planning. What will be his percentage of the rate increase? How will it be monitored?

Unfortunately we don't have a choice of water companies. This owner does not keep his customers informed about much of anything in a timely manner, evidence the public notice put in the newspaper. Why not put a notice in the water bill he sends us every month? He finally sent out a notice stating the arsenic remediation should be completed by the end of 2008! At this writing the equipment has not been installed.

I hope our concerns are taken into consideration in the Applicants rate increase application. We feel a 100% increase is totally unacceptable. Thank you for your time.

Sincerely,

Harvey & Kay Jones  


cc: Commissioner Kris Mayes  
\*End of Complaint\*

### **Utilities' Response:**

n/a  
\*End of Response\*

### **Investigator's Comments and Disposition:**

Email response to Mr. Harvey & Kay Jones

July 2, 2008

RE: Appaloosa Water Company

Dear Mr. Harvey & Kay Jones

My name is Alfonso Amezcua with the Arizona Corporation Commission Utilities Division. I writing on behalf of Commissioner Mayes office. Your email regarding the Appaloosa Water Company "Company" rate case will be placed on file with the Docket Control Center of the Arizona Corporation Commission ("Commission") to be made part of the record. The Commission will consider your comments before a decision is rendered in the Appaloosa application.

The concerns raised in letters received from customers will assist the Commission in the investigation and

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review of the rate application. The Commission's independent analysis of the utility and its rate request attempts to balance the interest of the utility and its customers.

Commission Staff is very sensitive to the burden that high utility rates can place on the consumer, and though constitutionally required to allow a fair return to the utility, does everything within its authority to protect the consumer.

Staff appreciates your comments and the interest taken on the proposed rate increase. If you should have any questions relating to this issue, please call me toll free at (800) 222-7000.

Sincerely,

Alfonso Amezcua  
Arizona Corporation Commission  
Public Utilities Consumer Analyst II  
Utilities Division

  
\*End of Comments\*

**Date Completed:** 7/2/2008

**Opinion No.** 2008 - 69755

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**ARIZONA CORPORATION COMMISSION**  
**UTILITY COMPLAINT FORM**

**Investigator:** Al Amezcua**Phone:** [REDACTED]**Fax:** [REDACTED]**Priority:** Respond Within Five Days**Opinion**      **No.** 2008 - 69757**Date:** 7/1/2008**Complaint Description:**      08A   Rate Case Items - Opposed  
   N/A   Not Applicable**First:****Last:****Complaint By:**      **Jerry B****Mitchell****Account Name:**      Jerry B Mitchell**Home:** (000) 000-0000**Street:**      [REDACTED]**Work:** (000) 000-0000**City:**      Chino Valley**CBR:****State:**      AZ      **Zip:** 86323**is:****Utility Company:**      **Appaloosa Water Company****Division:**      Water**Contact Name:**      Joe Cordovana**Contact Phone:** [REDACTED]**Nature of Complaint:**

7/1/08 Received email.

June 28, 2008

Arizona Corporation Commission  
Utilities Division  
1200 West Washington Street  
Phoenix, AZ 85007

RE: Appaloosa Water Company (W-03443A) request for Rate Increase, Public Water System Number AZ04-13-208, Docket Number W-03443A-08-0313

Dear Commission Members:

As a homeowner in Appaloosa Meadows development in Chino Valley, Arizona and a customer of the above referenced water company, we are in opposition to the water company's request for a 100% revenue increase.

We are sympathetic to the fact that the water company incurred significant costs to build the arsenic water treatment facility and fully expected the rates to increase. But to request an increase of 100% is ridiculous. The cost to build the new facility was approximately \$200,000. If you divide this by the current customer base of 238 homes, this results in approximately \$840 per household, not including interest on the loan. This amount amortized over a 20 year period this is a capital improvement results in an increase of \$42 per year or \$3.50 per month, more closely supported by a 15% increase in base rates, not a 100% increase.

The water company posted financial information on your site reporting losses. Many businesses incur losses. There are basically two ways to remedy this: increase revenues and/or decrease expenses. The water company is attempting to resolve their losses by a 100% revenue increase. I am a CPA and fully aware that there are many ways to manipulate the expenses. The company needs to look closely at decreasing expenses

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as well. I have many business customers suffering now in the current economy and forced to make difficult expense decisions; why should this company get a free ride on the backs of the homeowners.

Unfortunately many homeowners do not have the option of going elsewhere to force the water company to run more efficiently; we must rely on you, the Arizona Corporation Commission, to be reasonable and not grant a 100% revenue increase but a more reasonable increase of 10-20%. We urge you to consider our position.

Sincerely, Sincerely,  
Jerry B. Mitchell & Patricia A. Mitchell, CPA  
[REDACTED]

\*End of Complaint\*

### **Utilities' Response:**

n/a

\*End of Response\*

### **Investigator's Comments and Disposition:**

7/2/08 Email response to Mr. Jerry Mitchell

July 2, 2008

RE: Appaloosa Water Company

Dear Mr. Jerry B Mitchell

Your email regarding the Appaloosa Water Company "Company" rate case will be placed on file with the Docket Control Center of the Arizona Corporation Commission ("Commission") to be made part of the record. The Commission will consider your comments before a decision is rendered in the Appaloosa application.

The concerns raised in letters received from customers will assist the Commission in the investigation and review of the rate application. The Commission's independent analysis of the utility and its rate request attempts to balance the interest of the utility and its customers.

Commission Staff is very sensitive to the burden that high utility rates can place on the consumer, and though constitutionally required to allow a fair return to the utility, does everything within its authority to protect the consumer.

Staff appreciates your comments and the interest taken on the proposed rate increase. If you should have any questions relating to this issue, please call me toll free at (800) 222-7000.

Sincerely,

Alfonso Amezcua  
Public Utilities Consumer Analyst  
Utilities Division  
\*End of Comments\*

**Date Completed:** 7/2/2008

**Opinion No.** 2008 - 69757